



CASU

National Network. Local Services.



COOPERATIVE ADMINISTRATIVE
SUPPORT UNITS (CASU) PROGRAM

2002 ANNUAL REPORT

A Federal Interagency Support Services Program

www.casu.gov

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Chief Management Officer
 Pension Benefit Guaranty Corporation

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 Department of Transportation
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 Alternate: **Barbara Hazelett**

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Director, Program Support Center
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Field Representative

LINDY RITZ
Director, FAA Aeronautical Center
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Ex-Officio Members

CASU Director Representative

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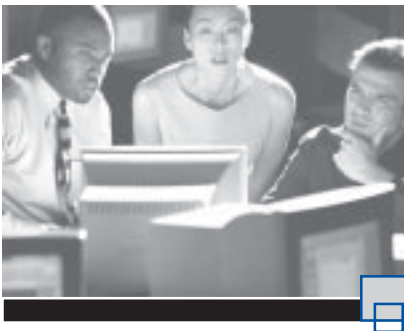
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National CASU Board of Directors.....	2
Table of Contents.....	3
Message from the Executive Director.....	4
Dedication to Mr. David O. Cooke.....	6-7
CASU Revenues	
Network Revenue.....	8
Service Units (% Commercial Contract).....	8
Type of Contracting/Service Vehicles.....	9
CASU Network Services	
Number of Network Services.....	10
CASU Customer Agencies.....	11
The Year in Review – CASU Network Accomplishments.....	12
National CASU Program Accomplishments.....	13-16
CASU History.....	17
Strategic Plan 2002-2006.....	18-22
CASU Charter and Operations.....	23
CASU Reporting Structure.....	23
CASU Lead Agencies.....	24
CASU Local Board Chairs.....	25
CASU Network Members.....	26-28
CASU Contact Information.....	29
CASU Pull-Out Reference Document.....	Center Spread



MESSAGE FROM THE ACTING CHAIR

I am pleased to present the fiscal year 2002 Annual Report for the National CASU Program. The Program expanded in response to Federal agency requests for operational support. The customer base increased by 15% with a revenue increase of 30% to a total of \$295 million compared to \$226 million in FY 2001. The entire CASU Network primarily relies on private industry to provide effective and efficient services to our customers with 95% of the revenue going to contracted support. The CASU Network is especially beneficial to small businesses and 8(a) minority contractors since they constitute 65% of the Network contracts (small business is 55% and 8(a) is 10%). GSA contract vehicles managed by the CASU Network constitutes 20% of contracts. Most of the CASUs have 5 or fewer employees as part of their operations.

Some significant events occurred which should also make the CASU Network stronger for the out years by aligning individual offices with new lead agencies that provide a better strategic fit. Several branch offices were proposed which introduced a new growth model for the Network. Although growing pains may occur with the lead agency changes and new branch offices, the ultimate result should be cost savings to the taxpayer as a result of improved efficiency of operations and better proximity to the customer base. The Administration's intent to foster competition and cost savings are key factors for planning.

With these significant accomplishments, the CASU Program enters its 16th year of operation as an entrepreneurial government activity making every effort to be competitive and provide quality service to our Federal customer, while remaining a "best value" to the American taxpayers. In so doing, the CASU Network is fulfilling the original goal of the Program to promote and provide an interagency reimbursable method for the effective delivery of Federal agency administrative and operational support services.

Although most of the news is positive, the CASU Network faced great loss with the death of Mr. David O. Cooke, the longstanding Chair of the National CASU Board of Directors. Mr. Cooke's demanding formal role as Director, Administration and Management and Director, Washington Headquarters Services for the Office of the Secretary of Defense did not deter his commitment to the National CASU Program and its value to the Federal Government. A special section in honor of Mr. Cooke is provided within this Annual Report.

I invite you to read this FY 2002 Annual Report as it captures some of the program's history and its continued success. On behalf of the National CASU Board of Directors, I congratulate the CASU Network's entrepreneurial spirit and commitment to quality service.

Sincerely,



John Seal, Acting Chair
National CASU Board of Directors



MESSAGE FROM THE EXECUTIVE DIRECTOR

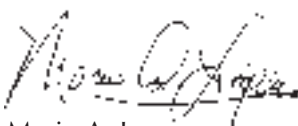
Every year introduces changes and challenges in policy, regulations, legal aspects, Lead Agency, Network Members, business trends, industry trends, or Administration guidance. Subsequently, the CASU Network has to adjust internally in ways that are transparent to our Federal customer. Our customer still expects quality service at a “best value” cost. The CASU Network ultimately adapts and responds accordingly.

Growth in customer base, product lines, and revenue has been a constant. Assuring this continues in a manner that maintains our identity as a quality initiative can be a challenge and requires examining strengths and opportunities for improvement. Every CASU Network member has a strong personal sense of serving the customer so that needs are met effectively and efficiently. Further, the customer should feel that quality service is an inherent aspect of the CASU Network.

The CASU Networks’ partnership with private industry and in particular small business, 8A programs, and GSA schedules are of critical importance. Consistent with recent years, the CASU Network once again shows that 95% of revenue goes to private industry. This partnership with private industry provides a mechanism for our customers to obtain operational and administrative support so that they may focus on their mission activities because the CASU Network members take the burden of contract administration of various competitive contracts. Spreading awareness of the “best value” benefits the CASU Network provides their customers is paramount. To that end our efforts will continue to make others aware of the program.

I continue to solicit your input on methods to improve customer awareness, enhance communication with each office, strengthen the local board(s) and executive committees, network with varied Federal organizations and distribute key information for decision-making. This will help assure that the CASU Network continues as a dynamic activity prepared to provide the best possible service to the customer.

Very Respectfully,



Mario A. Lopez
Executive Director

In the House of Representatives, U.S., October 10, 2002.

Whereas for 44 years, David O. 'Doc' Cooke's tireless dedication, skill, and involvement in Department of Defense management issues earned him the respect of his colleagues and distinction as a Pentagon institution;

Whereas as the quintessential civil servant, Doc Cooke rose to become the highest ranking career civil servant within the Department of Defense;

Whereas in his jobs as the Director of Administration and Management for the Office of the Secretary of Defense, and Director of Washington Headquarters Services, Doc Cooke was responsible for maintenance, operation, and security of buildings of the Department of Defense in the Washington, D.C. area, including the Pentagon Reservation;

Whereas because of his propensity to make things happen, Doc Cooke was respectfully known as the 'Mayor of the Pentagon';

Whereas Doc Cooke was born in 1920 in Buffalo, New York, and went on to earn a bachelor's degree in education from the State Teachers College at Buffalo in 1941, a master's degree in political science from the New York State College for Teachers in 1942, and a law degree in 1950 from George Washington University, where he was a member of the Law Review;

Whereas Doc Cooke served in the Navy during World War II as an officer on the USS Pennsylvania; returned to active duty during the Korean war, during which time he served as an instructor in the School of Naval Justice; and retired in 1968 as a Navy captain;

Whereas Doc Cooke served on Defense Secretary Neil McElroy's task force on Department of Defense reorganization in 1958; worked for Defense Secretary Robert McNamara, as Director of the Office of Organizational and Management Planning, implementing changes in Department of Defense organization; and worked for every other Secretary of Defense since then;

Whereas during the late 1980s and early 1990s, Doc Cooke was a strong advocate for renovation of the Pentagon;

Whereas many of the construction specifications supported by Doc Cooke helped to save lives during the terrorist attack on the Pentagon on September 11, 2001;

Whereas Doc Cooke could be seen assisting in the response to the terrorist attack on the Pentagon on September 11, 2001;



Whereas throughout the Department of Defense, Doc Cooke was noted for his strong support of equal employment opportunity for minorities, women, and individuals with disabilities;

Whereas Doc Cooke was instrumental in establishing a Public Service Academy at Anacostia High School in the District of Columbia, which has helped to increase the graduation rate of students;

Whereas Doc Cooke served as a member of the seven-member Governance Committee of United Way of the National Capital Area's September 11 Fund, deciding how to distribute disaster relief funds collected after September 11;

Whereas Doc Cooke has been recognized for his extraordinary performance through numerous awards, including the Department of Defense Medal for Distinguished Civilian Service (the Department's highest department career award) seven times; the Department of Defense Medal for Outstanding Public Service; the Department of Defense Medal for Distinguished Public Service twice; the Roger W. Jones Award for Executive Leadership from American University (1983); the NAACP Benjamin L. Hooks Distinguished Service Award (1994); the Presidential Meritorious Rank Award (1994); the Government Executive Leadership Award (1995); a Presidential Distinguished Rank Award (1995); a National Public Service Award (1997); the President's Award for Distinguished Federal Civilian Service (1998), the highest Government service award; the John O. Marsh Public Service Award (2000); the Senior Executives Association Board of Directors Award (2001); the Nelson A. Rockefeller College of Public Affairs and Policy Distinguished Alumnus Award (2001); an award from the University at Albany Alumni Association for 'Recognition for Outstanding Service' (2001); and the American Society of Public Administration Elmer B. Staats Lifetime Achievement Award for Distinguished Service (2002); and

Whereas on June 22, 2002, Doc Cooke died as the result of injuries sustained in an automobile accident, after a long and distinguished career in government, in which he became the model for civil servants: Now, therefore, be it

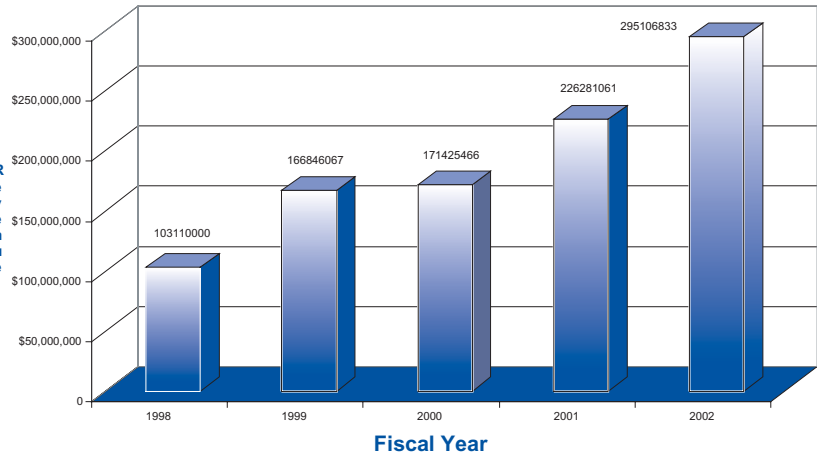
Resolved, That the House of Representatives—

- (1) recognizes David O. 'Doc' Cooke's legendary professionalism as a model civil servant;*
- (2) honors Doc Cooke's life; and*
- (3) extends its condolences to the Cooke family and the Department of Defense community on the death of an extraordinary human being.*

CASU Network Revenue

Current Network revenues increased by 30%, from \$226 million in FY 2001 to \$295 million in FY 2002. This increase and the consistent pattern of repeat business are indicators of customer satisfaction and the value of the products and services that are offered by Network members.

CASU Network Revenue
Growth 30%

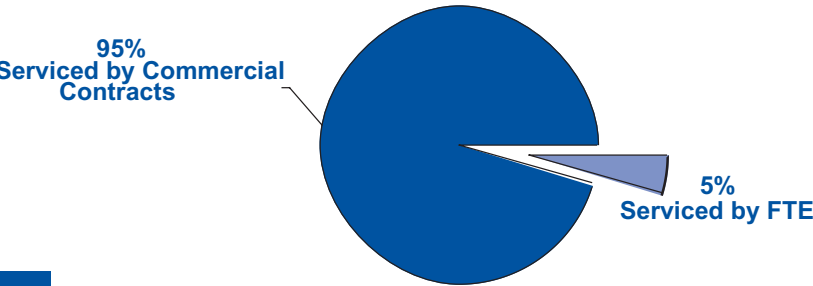


Revenues are provided solely for purposes of demonstrating the scope and growth of the CASU Network. Official financial reports are compiled and reported by each lead agency through its normal reporting channels.

Servicing Vehicles

The CASU Network uses various servicing vehicles {a method used by CASU to provide a service}: Federal Supply Schedules, socio-economic and small business vendors, other FAR-competed contracts, and FTE. The Network uses 316 servicing vehicles to provide 430 units of service. A 'unit of service' is equal to one service provided by one Network member. For example, temporary staff support is one service that is provided by nine Network members; thus there are 9 units of service for temporary staff support. Of the 430 units of service, 95% are serviced by commercial contracts (Federal Supply Schedules, socio-economic and small business vendors, or other FAR-competed contracts). Only 5% are performed by FTE. The use of commercial contracts allows CASUs to offer the latest technology and highly experienced workers to their customers.

FY 2002 Service Units [430]
95% of Services Performed by Commercial Contract

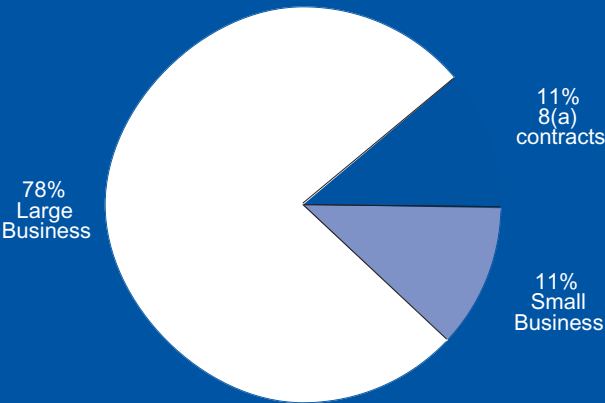


Types of Business Base

Of the 316 servicing vehicles, 296 are provided through GSA schedules or commercial contracts let by CASU. The balance (20) is provided through FTE. Most services are provided by large business contracts (61%), small business contracts (45%) and 8 (a) contracts (10%). When distinguishing between support from GSA schedules or commercial contracts let by CASU, 21% are from GSA contracts and 79% are from other commercial sources. GSA schedules used by CASUs tend to be represented by large business vendors (78%). A slight majority (55%) of commercial contracts let by CASUs are awarded to small business vendors.

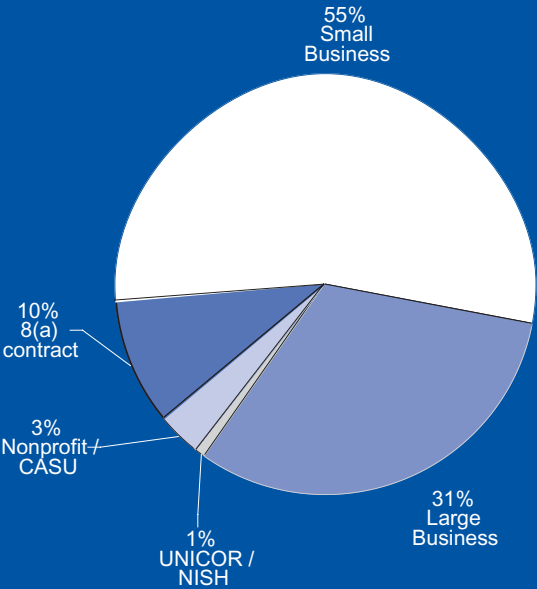
This chart shows the type of business base for the contracts obtained through GSA schedules.

Network Contracts
Obtained through GSA Schedule



This chart shows the type of business base for commercial contracts let by CASU.

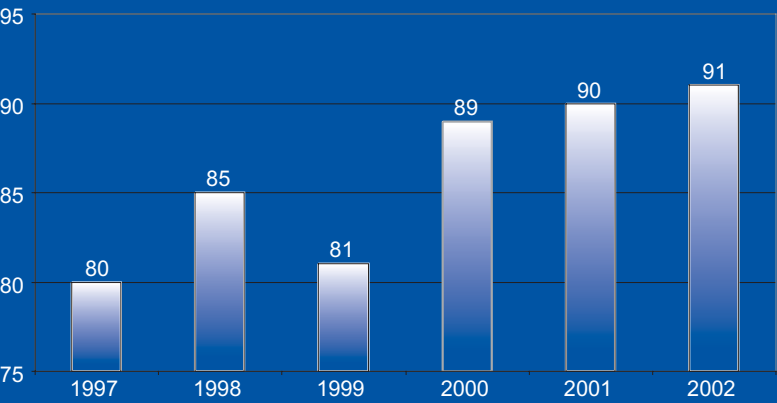
Network Contracts
Commercial Contracts /Agreements



One advantage to using a network of service providers is the abundance of support services contracts. CASU contracts are acquired through requirements established by the Federal Acquisition Regulations. The CASU Network has the ability to provide high quality, low cost services – with a quick turn-around – throughout the United States and a few overseas countries. The Network supports nine service categories, with a total of 91 individual services: Administrative Services; Financial and Procurement Services; Human Resources; Light Industrial; Mail Management; Printing, Duplication and Copiers; Professional and Technical; Technology and Training. Each category offers various services that can be tailored to address specific needs identified by changes in Federal policy or customer demand.

Customers enjoy administrative benefits of using a network of service providers. In a partnering environment, Network members have access to one another's contracts. This allows CASU to fulfill a customer's new task requirement with less administrative burden to the customer. This relationship permits customers to avoid traditional procurement burdens and enjoy quicker servicing because task orders can be fulfilled through existing contracts – after confirming determination and finding requirements. Customers also enjoy financial benefits through pricing based on economies of scale and have less administrative management tasks than through traditional procurement processes.

Number of CASU Services
Trend 1997 - 2002



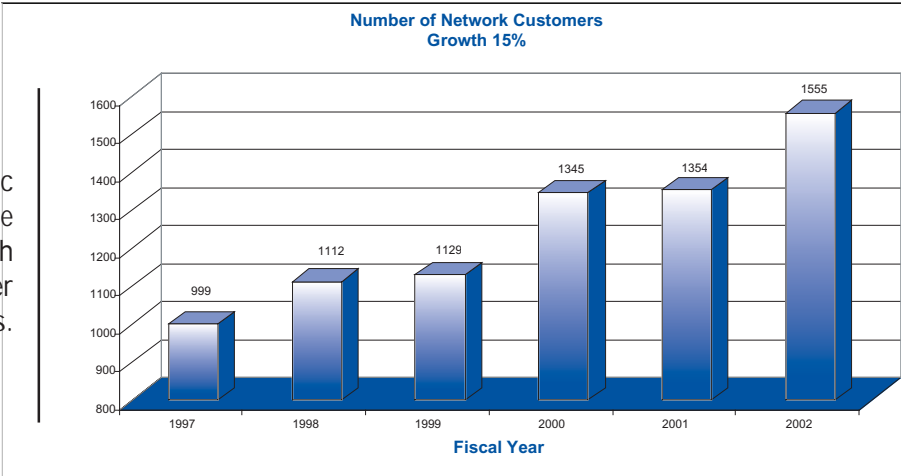
This chart summarizes the number of services offered by the CASU Network over the past six years.

CASU CUSTOMER AGENCIES

The Network’s customer base continues to grow. For the past few years, the customer base has reported positive growth upwards of 10%. That pattern continued for FY 2002, which ended with a customer base of 1555, an increase of 15%. CASU continues to make its presence known in federal departments, small agencies and military services throughout the United States and overseas. The Department of Defense represented 40% of the Network’s customer base. The Network fulfilled administrative and operational requirements for 201 new customers. CASU remains a reliable source within the federal marketplace.

The Pull-Out Reference document contains a list of “Customer Agencies” ~ by federal department or agency ~ that are supported by the CASU Network. To find out if a service is provided to a particular sub-element or field office, please contact the individual CASU Network office that supports the federal customer.

This graphic illustrates the steady growth in customer agencies.



CASU NETWORK ACCOMPLISHMENTS

2002 THE YEAR IN REVIEW

Continued rise in customer growth and revenue were indicators for another strong year in the CASU Program. Revenue for FY2002 of \$295,106,833 is a 30% increase over FY2001 \$226,281,061. Customer count of 1555 translates to an increase of 15%.

The January National Board of Director's Meeting was held in New Orleans at the Annual Conference. The CASU Annual Conference also provided an open invitation to other fee-for-service activities. The open invitation signaled an effort to better partner with other fee-for-service organizations and to share common information that would improve our respective services to customers. Special appreciation goes to the New Orleans CASU and the New Orleans Federal Executive Board for coordinating a successful conference.

Key changes in lead agencies for several CASUs were factors for the course of the year. The Greater Hampton Roads CASU started the calendar year preparing for a lead agency change. The change intended to better align the GHR CASU with an organization that would enhance its growth opportunities and improve operational performance.

Discussions with the Northeast Regional CASU Board of Directors commenced in February in an effort to also strengthen opportunities for the NER CASU growth and performance. Subsequent regular meetings with the NER Board and the Dept. of Labor (host agency) led to dividing the NER CASU into two distinct service units and forming a new CASU – the MidAtlantic CASU with charter approval in October and also retaining the NER CASU identity with its distinct services.

Discussions with the MidAmerica CASU and its Board of Directors commenced in April with on-going discussions over the remainder of the year with a decision pending on a new lead agency. If approved, subsequent refinement of the strategic plan for the MidAmerica CASU will be developed in concert with the host agency.

The National Staff participated in the annual Federal Administrative Managers Association Conference in Hershey, Pennsylvania as a presenter of CASU services to this key group.

In June, the CASU Program witnessed tragedy as the long-standing Chair of the National CASU Board of Directors, Mr. David O. Cooke, was involved in an automobile accident and died later in the month.

The Mid-Year Director's Business Meeting was held in San Diego with thanks to the FBA-West for hosting this meeting. The Agenda addressed updates to the strategic plan, presentation of financial business tools for better operations, legal issues, and a discussion about formation of a fee-for-service organization.

The National CASU Program Office participated in a panel discussion at the Annual Association of Government Accountants in Atlanta during July. Preparation and participation in the Excellence in Government Conference in Washington, DC via an exhibitor booth is a continuing event to make customers aware of the CASU Program.

FY 2002 SUCCESS STORIES

The following CASU Network members share accomplishments and success stories from FY 2002. The summaries are arranged alphabetically by state. CASUs may be contacted directly for copies of their annual reports and for additional information about their individual programs and business lines. A listing of CASU offices can be found at the back of this report. CASU customers and services are also listed on the insert in the middle of the report. Links are available to CASU Network member websites from the National CASU website at www.casu.gov.

California
FBA-WEST
Service area
– Nationwide

FY 2002 was a year of significant accomplishments and change for FBA-West, a CASU member that is part of Treasury’s franchise fund. Their administrative offices moved from Diamond Bar to Brea, California. They added more support services and established new partnerships. It was FBA-West’s first year under new administrative and operational contracts as well as a follow-on copier contract. The new copier program showcases an all-digital product line and is on the cutting edge of technology. Also, during FY 2002, FBA-West experienced extraordinary growth in products, service performance, and customer base. For the reporting period, operating revenues increased by 13%. As services grew, costs were spread over a larger base, reducing prices and providing significant savings to customer agencies. FBA-West’s efforts will continue to focus on improving the organization, customer service, operating techniques, and development of products and services. In 2003, a construction A&E contract will be awarded to multiple engineering and construction companies. This contract will enable FBA-West to conduct maintenance, repair, design, and/or build, to include Architect-Engineering services for government agencies.

Colorado
ROCKY MOUNTAIN
REGIONAL CASU
(RMRC)
Service area
– Nationwide

The RMRC, with offices in Denver, Colorado, experienced revenue growth of 28% in FY 2002, the third year in a row that revenues have seen nearly 30% increases. The RMRC is another CASU member that is part of Treasury’s franchise fund. They added twelve new customers in FY 2002, and focused on making improvements to their billing processes. RMRC is pleased to report that over 96% of their business is conducted with small business and 8(a) contracts.

Florida
SOUTHEAST
REGIONAL
(SER) CASU
Service area
– National and
international

The SER CASU, with management offices in Lynn Haven, Florida, has shown steady and reliable growth over many years. They achieved a 23% growth in revenue, 8% growth in services, and 7% growth in customer base in FY 2002. Forty-three percent of the SER CASU’s business is conducted through SBA 8(a) contracts. The lead agency, Central Texas Veterans Health Care System, is located in Temple, Texas. The SER CASU has initiated the establishment of three branch offices in Atlanta, Dallas, and Los Angeles. They also completed the first full year of sponsorship of the “Bay County Area Purchasing Agent Forum”. The SER CASU provided timely support to the Homeland Security Office and to the Centers for Disease

Control. Critically needed services (security, IT, consulting, engineering, and logistics support) were provided in rapid response to the urgent needs of these agencies in the war against terrorism. Goals for FY 2003 include: maintaining the SER CASU's record for high quality products and services, and for its superior responsiveness to the needs of its customers; maintaining extremely low service fees; enhancing the website by improving search engine links, incorporating secured credit card ordering, and obtaining professional marketing consultation; and development and growth of branch offices.

The New Orleans CASU operates under a partnership with the New Orleans Federal Executive Board (FEB). The CASU Director has served as FEB Executive Director for eight years. The FEB Policy Committee members serve as the New Orleans CASU Board of Directors. The New Orleans CASU, with the USDA National Finance Center as the lead agency, achieved a 16% growth in revenue in FY 2002. They also added seven new customers and one new service. Most of the increase came in the mediator pool program, a program designed to help Federal agencies resolve employee disputes in a timely, informal, and cooperative atmosphere. Conference planning was added as a new service in FY 2002. Two conferences were hosted and managed by the CASU during the past year. The first, Alliances in the Business of Government – A Conference for Federal Reimbursable Enterprises, was held January 28-30, 2002. The second, the National Federal Executive Board Executive Directors Conference, was held March 14-15, 2002. All New Orleans CASU services are provided under small business contracts.

The Minnesota CASU, with offices in Minneapolis, achieved a 15% growth in revenues in FY 2002. The Department of Veterans Affairs serves as the lead agency and the Minnesota Federal Executive Board provides support for the local CASU board. Their four product lines are copy services, financial and retirement training, discount coupon sales for computer training, and fiscal/contractual administrative services. The discount training coupons save CASU customers \$125 to \$185 per class. The Minnesota CASU awarded a new contract for state-of-the-art digital photocopiers, with fax, print, and Internet capability. Goals for FY 2003 include bringing additional agencies into the CASU through the availability of these new copier services.

The Mid America CASU, with offices in Kansas City, Missouri, did not experience a typical year in FY 2002. A major focus was the CASU's response to the events of September 11, 2001, and the anthrax attacks throughout the country. The Mid America CASU's mail services and contract staffing were the central focus of their customer agencies' responses to these events. The CASU installed new magnetometers to screen incoming mail for its customers in several mail service locations, they implemented new anti-anthrax procedures to protect the CASU's employees and all the employees of their customers, and the CASU was part of several teams that addressed the increased security needs of their various customers. In the midst of these unusual circumstances, the Mid America CASU acquired 13 new customers and achieved nearly 5% revenue growth in FY 2002. The Department of Health and

(Continued)
Florida
SOUTHEAST
REGIONAL
(SER) CASU
Service area
– National and
international

Louisiana
NEW ORLEANS
CASU
Service area
– Louisiana

Minnesota
MINNESOTA
CASU
Service area
– Minnesota

Missouri
MID AMERICA
CASU
Service area
– Nationwide

NATIONAL CASU PROGRAM OFFICE ACCOMPLISHMENTS

(Continued)

Missouri

MID AMERICA

CASU

Service area

– Nationwide

Human Services (HHS), Program Support Center, has provided strong leadership in the lead agency role. New directions in HHS are leading to a change in lead agency for the Mid America CASU in FY 2003.

The NER CASU, with offices in New York City and Pittsburgh, added 67 new customers and achieved a growth in revenues of 43% in FY 2002. With the close proximity of their New York office to the World Trade Center, they faced a tremendously challenging year and rose to the occasion with the highest level of service, professionalism, courtesy, and accommodation. Mail service in particular provided them with the opportunity to expand their horizons and step well beyond the “expected” level of service. Here is their story:

The issues that required immediate response and attention were: 1) the closure of the U.S. Postal Service downtown station where all CASU customer mail is sorted before being delivered to the CASU mailroom, 2) the relocation of many of the CASU customers that occupied the World Trade Center and nearby areas, 3) the redistribution of the downtown mail to the Midtown USPS station, 4) obtaining transportation, funding, and staff to travel to the Midtown mail station to pick up and deliver the mail, 5) establishing a new, secure and safe sorting facility in the building, and 6) with no interruption in service, delivering mail in a timely fashion to all CASU customers, even those who were relocated.

New York

NORTHEAST

REGIONAL

(NER) CASU

Service area

– Nationwide

Just as the NER CASU began to adjust to the challenges of delivering mail without the USPS downtown facility, they were faced with another daunting challenge: the concerns that there were possible anthrax contaminations in domestic mail. They were extremely proactive in their approach by establishing protocols that soon, all other local Federal mailrooms were adopting: 1) They took the lead of all Federal mail facilities at 26 Federal Plaza in assuring safe mail handling procedures; 2) Upon learning that there was possible contamination at the main USPS distribution center (Midtown), they immediately closed the NER CASU mailroom and set up an alternative sorting facility. The mailroom, the van, the mail, and everything that may have come in contact with mail from the Midtown facility were decontaminated; and 3) CASU customers were regularly kept updated and informed and were provided continued, uninterrupted mail service.

As a result of their outstanding handling of mail services during this time, they not only increased the confidence of their current CASU customers, they gained several new customers. The Department of Labor has acted as lead agency of the NER CASU for several years. Due to the exceptional growth of the program in recent years, plans were underway in FY 2002, to divide the CASU into two separate programs. In FY 2003, the CASU’s services will split between the NER CASU and a newly chartered Mid-Atlantic CASU, with the Department of Veterans Affairs, Financial Services Center, as the lead agency.

NATIONAL CASU PROGRAM OFFICE ACCOMPLISHMENTS

The Ft. Worth CASU, with the U.S. Army Corps of Engineers as the lead agency, added four new customers in FY 2002. They were able to reduce the cost of mail services to their customers through efficiencies achieved by installing state-of-the-art mail metering machines. Sign language interpreting is a growing service for the Ft. Worth CASU, as the pool of qualified interpreters is shrinking in the community. The Fort Worth CASU strives to continually expand the scope of their services to enhance quality and maximize customer satisfaction. Their five-year goal is to maintain current services at a reduced cost to customers, while growing business in the areas of building management and temporary clerical services.

Texas
FT. WORTH CASU
Service area
– Dallas/Ft. Worth

FBA-Global Services, located in San Antonio, Texas, has sustained an 11-year expansion with revenue increases of 35% and a 53% growth of customer base in FY 2002. It is a member of the CASU Network and also a part of Treasury's franchise fund. Program expansion has allowed FBA-Global Services to reduce their administrative costs, thus reducing rates to their customers. Its customer base, representing almost every Federal agency, continues to increase year after year on an average of 25%. Customers are now located all over the globe. But the true testament to customer satisfaction is the repeat and/or increased business by the same entities. The majority of customers since inception of FBA-Global Services have remained on-board and most have increased their involvement. A partnership with Brooks AFB has allowed FBA-Global services to meet customer needs through a Combined Mission Support contract awarded by the Brooks AFB contracting office. One facet of the contract is a program called FasTrac, which provides a subscription service library of technology-based training courses to satisfy Information Technology training requirements. FBA-Global Services expects their customers' use of FasTrac to increase by over 300% next year.

Texas
FBA-GLOBAL
SERVICES
Service area
– National and
international

The GHR CASU moved their offices from Norfolk to Chesapeake, Virginia, added 11 new customers, 5 new services, and achieved revenue growth of 13% in FY 2002. They now service customers located in 22 states, the District of Columbia, and 5 locations outside of the continental United States. In keeping with their business plan, the GHR CASU increased both their non-Defense customer base and the number of states in which they do business. They also expanded their vendor base to provide new options to satisfy their customers' requirements. The Department of Veterans Affairs assumed the role of lead agency during FY 2002, providing excellent support services to the CASU. Goals for FY 2003 show an increase in revenues. GHR CASU plans to continue the emphasis on increasing their customer base. Efforts to expand the product lines currently offered will be stressed. They will also expand newly identified opportunities for increasing their presence throughout the region.

Virginia
GREATER HAMPTON
ROADS (GHR)
CASU
Service area
– National and
international

The President's Council on Management Improvement initiated the CASU Program in 1985. The primary purpose was to help Federal agencies reduce the cost of doing business by bundling common administrative support services. Developed during a period when government employees provided the vast majority of this support, CASUs were centralized organizations designed to meet administrative service needs in a single, multi-tenant building. Savings were first achieved by consolidating mailrooms, combining labor and moving staffs, and centralizing high-volume photocopying into a single copy center. Eventually, CASUs offered cost-per-copy photocopier contracts in addition to copy centers, and mailroom staffs that processed mail according to each customer's unique specifications.

An increase in demand for new services led CASUs to expand their scope of operations. CASUs grew from serving single buildings to groups of buildings in a downtown location, then entire metropolitan areas, whole states, and even entire regions of the country. Meanwhile, economies of scale were achieved by bundling customer requirements and shifting emphasis from providing services with in-house staff to a mixture of contracts and dedicated FTE. Federal downsizing accelerated the trend toward contract services. CASUs adjusted to market conditions and responded to trends.

As more CASU services are provided through the use of contracts, CASUs are able to extend their business reach beyond initial geographic areas. Partnering and other arrangements make it possible for CASUs to offer their services nationwide. Indeed, meeting a customer's needs often means providing services to a regional office and all of its posts of duty using a single agreement, even though the customer may have specialized requirements at one or more sites. The customer may wish to utilize one contract for some locations, another contract for others. CASUs can and do give their customers this flexibility under one service agreement.

The range of services offered by CASUs continues to expand. CASUs no longer concentrate solely on mail handling, moving and labor, property disposal, warehousing, photocopying, etc. They now have contracts and strategic partnerships that enable individual CASUs and consortia of CASUs to supply agencies with broad and varied product lines ranging from bridge design to Federal job classification. CASUs provide these services with existing contracts or in partnership with other reimbursable government organizations (e.g., franchises).

Customer agencies, utilizing the CASU network, are now able to choose from a variety of sources. CASUs use contracts that are provided by multiple sources, both public and private. In fact, 95% of its services are provided through contracts with private industry. More importantly, CASUs are poised to assist customers with competitive sourcing requirements. In this way, the CASU program has become a chief advocate for competition among Federal administrative support providers. It has grown from a small, shared service network to a nationwide operation with estimated FY 2002 revenues exceeding \$295 million. The CASU Network is clearly serving customer needs.

Cooperative Administrative Support Units Program
STRATEGIC PLAN 2002 – 2006
(Revised July 19, 2002)

The strategic plan outlines:

The fundamental purpose of the plan is to articulate CASU's strategic direction and outline what we as a Network hope to accomplish within this target five-year period.

Since our creation in 1985, CASU has had a clear Mission to provide a full range of general administrative services to Federal organizations within the United States and overseas. Through our network of entrepreneurial organizations located throughout the United States we have been able to provide 90 reimbursable support services to more than 1300 customer agencies. Over 90 percent of these services are provided through contracts with private sector firms. CASU continues to be a customer focused interagency program that has provided great benefits to the Federal community.

- a vision for the CASU Network,
- general goals over the next few years,
- strategies for meeting those goals, and
- criteria for performance measurement.

Current members of the CASU Network have shown steady growth:

This revenue growth is an indication that CASU services are needed and valued by our many customers. We will continue to expand our area of operations to provide services to all Federal customers who want them.

Strategic planning is an on-going process. The plan requires continual review and updates to respond to trends and changes in the Government and business environment. The strategic plan is fundamentally a management tool to guide the CASU Network for the future. It will assist in aligning the CASU Network mission with its goals, strategies and resources, and ultimately the daily activities of each CASU employee. It is an important first step to ensuring that the CASU Network becomes a performance-based organization. The strategic plan also serves as a blue print for our relationship with our customers, suppliers, host agencies and other stakeholders. Implementation of this plan will help bring world-class service to our customers.

FY 2002 Revenues - **\$295 million,**
FY 2001 Revenues - **\$226 million,**
FY 2000 Revenues - **\$171 million,**
FY 1999 Revenues - **\$117 million, and**
FY 1998 Revenues - **\$103 million.**

A program review was conducted in 1998 and again in 2000, to assess the viability of all CASUs. The following criteria were used to evaluate their capabilities: 1) ability to operate using business-like principles (see operating principles and business indicators) and; 2) ability to provide reliable service to customers. In today's environment, CASUs need both local and network-wide business strategies to maintain and strengthen their position in the administrative support arena. The following plan outlines the Network's strategies for accomplishing this goal.

MISSION

To provide the full range of "best value" interagency support services to participating agencies located in the United States and overseas.

STRATEGIC PLAN 2001-2006 (Cont.)

VISION

The CASU Network is the recognized leader and sets the standard for providing quality and customer convenience in the area of support services and is the first choice of participating agencies in meeting these requirements throughout the country and overseas.

STRATEGIC GOALS

- I. *Strengthen the CASU network's cooperative business nature, customer focus, and links to related enterprising government activities.*

Strategies to Achieve Goal

- Charter and/or re-certify local CASUs based upon standard business operating criteria (e.g., the presence of an active local customer board of directors, adherence to the CASU operating principles and sound business practices, regular financial review of CASU operations).
- Provide training and guidance to CASUs on the proper role of local boards and lead agencies.
- Sponsor and coordinate training for local CASU board members and CASU Directors and their staffs.
- Initiate a system of network-wide surveys to assure feed back and provide marketing information on performance, service needs and trends.
- Establish partnerships with the franchise funds, ICASS and other entrepreneurial government organizations to broker their services to both current and prospective CASU customers.
- Maintain active liaison with the CFO Council, OMB, and the Procurement Executives Council.



- II. *Ensure that CASU maintains a national presence at all levels of the Federal community.*

Strategies to Achieve Goal

- Develop promotional materials such as annual reports, brochures, newsletters, issue and position papers, national web site, video presentation and other items.
 - Make presentations to national organizations (e.g., CFO Council, Federal Executive Institute, OPM Training Centers, Federal Executive Boards and Associations, American Society for Public Administration).
- III. *Establish a national communication clearinghouse that provides consistent and timely information to the CASU network.*

Strategies to Achieve Goal

- Ensure that updates are provided and input is solicited for legislative and policy issues.
- Coordinate interactive discussions with speakers, develop and disseminate articles and items of interest to members of the CASU network.
- Serve as a conduit and liaison between the national board and members of the CASU network.
- Develop and publish a CASU network newsletter, annual reports and periodic assessments of the performance of the CASU network.

IV. *Expand CASU's geographic coverage to meet Federal customer agency requirements throughout the U.S. and overseas.*

Strategies to Achieve Goal

- Increase the number of Federal communities where CASU has a significant market share by expanding service capabilities through the use of strategic partnerships and establishing new CASUs.
- Assure CASU customers seamless access to a full range of "best value" services overseas through partnership with the ICASS network.
- Establish a national marketing plan that helps to expand the "brand" recognition of the CASU network and its services.

As a Federal interagency program, achieving these strategic goals should occur with responsible operating principles and business practices. These should be recognized as a commitment to all taxpayers.

Operating Principles for CASUs

1. Each CASU has multiple Federal customer agencies.
2. A local interagency customer board assists each CASU.
3. Each CASU is or will be financially self-supporting within a reasonable time frame as approved by the National Board of Directors.
4. The purchase of services from a CASU is voluntary.
5. Each CASU conducts an annual financial audit and/or management assessment, which meets established federal financial standards with results reported to the lead (host) agency, the local board and the National Board of Directors.
6. Each CASU furthers the intent of the Economy Act of 1932, as amended, and complies with all applicable laws and regulations.

SOUND BUSINESS PRACTICES FOR CASUs

1. Each CASU establishes and follows a strategic business plan for its operations.
2. Each CASU regularly reports on performance outcomes to its local board and the National Board. Additionally, the CASU benchmarks with other operations.
3. Each CASU communicates well with its customers and maintains a customer focus.
4. Each CASU maintains sound financial management and internal control procedures.

PERFORMANCE MEASURES

The following performance measures will be used to measure and assess the performance of the National CASU network. The objective is to measure areas such as:

- (1) what products and services are important to our customers;
- (2) what levels of service are satisfactory to our customers; and
- (3) how well the services are actually being provided.

In general, they are an attempt to develop a communication process with CASU customers and service providers to ensure that we are measuring what they believe is important, as well as the performance capabilities of the CASU Network.

The measurements are divided into two categories: (1) outcome and (2) business indicators. The outcome measures examine overall network performance, and the business indicators describe the operations of the CASU network. The measures are designed to be simple and consistent for use throughout the network. Collectively, they provide the capability to conduct a quantitative and qualitative assessment of the performance of the CASU network.

Outcomes

1. Service Delivery: measures customer perception of how well the products or services are provided.
 - Quality – meet or exceed customer expectations for quality
 - Timeliness – meet or exceed time standards for delivery
 - Consistency – quality and delivery are consistent over time
2. Service Value: measures customer perception of the service relative to other alternatives.
 - Savings
 - Dollars – actual dollar savings compared to previous costs or other alternatives
 - Time and effort – savings in customer staff time compared to previous method of service or other alternatives
 - Ease of Use – one-stop shopping, ready access; easy ordering, delivery, and billing processes.

3. CASU Staff Performance: measures customer perception of how well the CASU performs its administrative and liaison functions.

- Quality – staff expertise, service tailored to meet customers' specific needs
- Timeliness – timely processing of orders and bills, responsiveness to customers
- Consistency – accessible and helpful staff, issues resolved satisfactorily
- Reliability – accurate orders and bills, dependable staff

Business Indicators: assess internal performance and the infrastructure of the CASU network.

- Sales Revenue
- Number of customers served
- Types of services provided
- Volume of work provided by contractors (percentage)
- Types of contracts
- Self sufficiency
- Adherence to CASU operating principles

Conclusion

The CASU Network's strategic plan consists of a combination of integrated, visionary statements and planning, measurement and monitoring tools to provide the Network a policy and operational guide for this target five-year period. It is designed to provide a common understanding for our customers, National Board of Directors, suppliers, lead/host agencies, general public and the staffs of the Network members on how the Network expects to accomplish its mission into the future.



Cooperative Administrative Support Units CHARTER AND OPERATIONS

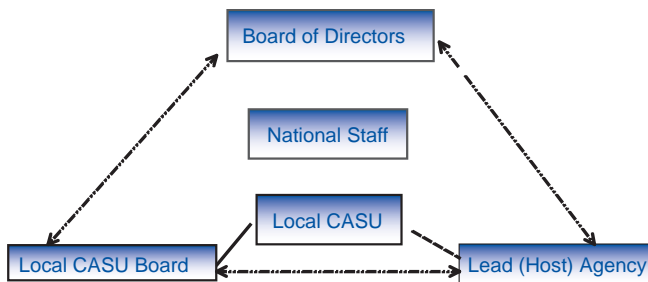
CHARTERING

A CASU is formed by: 1) establishing an interagency board or committee, 2) identifying a lead agency to operate the CASU, and 3) submitting a proposed charter from the interagency board to the National CASU Board of Directors for approval. The charter proposal describes the CASU location and participating agencies, organization and management structure, initial services to be provided, and the process for evaluating CASU operations. The National CASU Board reviews the charter proposal and approves or rejects the charter.

STRUCTURE AND OPERATING RESPONSIBILITIES

The National CASU Board serves as an interagency coordinating mechanism for promoting and advocating CASUs. The National Board provides general policy guidance but each CASU operates autonomously. A local board of directors made up of participating agencies provides policy guidance and oversight for the CASU, approves services to be provided, and functions as an information conduit with the National Board and the local lead (host) agency. A lead (host) agency, selected by the local board and approved by the National Board, provides reimbursable personnel, finance, and usually contracting support. A CASU Director, approved by the local board, enters into a memorandum of understanding or some type of agreement establishing the roles and responsibilities of the board, the lead agency, and the CASU Director. In some cases, agencies writing the contracts and/or providing the services. Each participating agency enters into an interagency agreement or memorandum of understanding with the CASU, defining the services to be provided and payment arrangements.

CASU Reporting Structure



EVALUATION AND ASSESSMENT

The local Board of Directors reviews services being provided and assesses the effectiveness of the CASU. The lead (host) agency ensures that the CASU operates within applicable laws and regulations governing the activities of the CASU. Any other agencies involved in providing CASU services or contract support must ensure that they follow their own applicable laws and regulations. The local board and the lead (host) agency are responsible for ensuring that the CASU follows sound financial management and internal control procedures. On a biennial basis, each CASU submits a self-assessment to the National CASU Board of Directors, certifying adherence to sound financial practices and business-like standards.

FORT WORTH CASU

COL Gordon M. Wells

Commander, US Army Corps of Engineers

FBA GLOBAL SERVICES, FBA WEST, FEDSOURCE BEAUFORT, ROCKY MOUNTAIN REGIONAL CASU

Barry K. Hudson

Managing Director, Franchise Fund

US Department of the Treasury

MID AMERICA CASU

Barbara S. Gumming

Director, Regional AOS

Program Support Center

Department of Health & Human Services

MINNESOTA CASU

Steven Kleinglass

Medical Director, Chief Operating Officer

VA Medical Center

Department of Veterans Affairs

NEW ORLEANS CASU

John Ortego

Director, National Finance Center

Department of Agriculture

NORTHEAST REGIONAL CASU

Debra Williams

Regional Administrator-OASAM

U.S. Department of Labor

OKLAHOMA CASU

Lindy Ritz

Aeronautical: Director, FAA Aeronautical Center

Department of Transportation

SOUTHEAST REGIONAL CASU, GREATER HAMPTON ROADS CASU

Kenneth Gaby

Chief, Logistics Management

Central Texas Veterans Health Care Systems

Department of Veterans Affairs

FORT WORTH CASU

Nomination Pending

GREATER HAMPTON ROADS CASU

Nomination Pending

MID-AMERICA CASU

Ron Peters (Acting)

Regional Administrator

Federal Aviation Administration

MID-ATLANTIC CASU

Nomination Pending

MINNESOTA CASU

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NEW ORLEANS CASU

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NORTHEAST REGIONAL CASU

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Michael R. McMillion

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FEDSOURCE BEAUFORT

Tom Fultz

Operations Manager

Hilton Head Island

SOUTHEAST REGIONAL CASU

Mary Dayton

Bay County Budget Director

(Alpha by State)

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ROCKY MOUNTAIN REGIONAL CASU

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NEW ORLEANS CASU

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MID-ATLANTIC CASU

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OKLAHOMA CASU

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GREATER HAMPTON ROADS CASU

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Quality

Convenience

Value



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